



**THE CONCORD  
COALITION**

1530 Wilson Blvd.  
Suite 550  
Arlington, VA 22209

Tel: (703) 894-6222  
[concordcoalition.org](http://concordcoalition.org)

---

**FOR IMMEDIATE RELEASE:**  
Thursday, July 20, 2017

**CONTACT:** Steve Winn (703) 254-7828  
[swinn@concordcoalition.org](mailto:swinn@concordcoalition.org)

## **Concord Coalition Expresses Concern Over House Budget Assumptions**

WASHINGTON -- The Concord Coalition is pleased that the House Budget Committee has voted to advance a budget resolution that aims to balance over 10 years, but is skeptical about the assumptions the committee makes to get there. However, establishing the goal of deficit-neutral tax reform is an important step and will hopefully act to promote real reforms that can increase economic growth while acting as a guardrail against large deficit-increasing tax cuts.

The most problematic assumption in the budget resolution is that economic growth will average 2.6 percent over the next decade, resulting in \$1.8 trillion of budgetary savings (\$1.5 trillion of which would be devoted to deficit reduction and \$300 billion to tax reform).

While this growth rate is lower than the 3 percent growth assumed by President Trump's Office of Management and Budget (OMB), it is substantially higher than the 1.9 percent projected by the Congressional Budget Office (CBO) earlier this year. Moreover, the deficit reduction assumed from economic growth inexplicably dwarfs the budget committee's own estimates from previous years.

"Just two years ago, the House budget resolution projected only \$147 billion in additional economic growth from its policies," said Concord Coalition Executive Director Robert L. Bixby. "There is nothing in this budget that would justify a 12-fold increase in savings produced from higher economic growth. President Trump's decision to base his budget on an improbable rosy economic scenario doesn't give lawmakers on Capitol Hill a free pass to follow suit."

The economic growth estimate is even more questionable due to the lack of specifics for any particular tax reform policies. Earlier this week, CBO declined to undertake a macro-analysis of the president's budget because it lacked sufficient detail. There is even less detail in the budget resolution.

The budget also depends on a \$5.4 trillion reduction in outlays not attributable to economic growth. While budget resolutions primarily set overall numbers without specific policy details, some of these cuts seem unrealistically large.

The committee assumes \$700 billion in savings from a reduction in improper payments and justifies this assumption by arguing that it represents only a partial reduction of the \$1.4 trillion total estimated over the next decade. The costs of improper payments, however, often merely represent shifts in payment timing or are later recouped, making the ceiling for likely savings far lower than the \$1.4 trillion figure would suggest.

Additionally, the budget calls for reducing nondefense discretionary (NDD) spending \$1.3 trillion below the caps established by the Budget Control Act. Those caps will already bring NDD spending in the next few years to its lowest level as a percentage of GDP since before World War II. Further cuts are particularly unrealistic given the difficulty lawmakers have had adhering to the caps in recent years. At the same time, the budget would increase defense spending by \$929 billion over 10 years, resulting in a total savings from discretionary spending of \$370 billion.

The House budget admirably establishes a desire to control the growth of mandatory spending programs by reducing outlays \$4.4 trillion below current projections. Unlike the president's budget, the House would include Medicare savings in its budget.

This is a positive step, but the budget's reconciliation instructions only tell congressional committees to achieve \$203 billion in savings over the next 10 years. Without fast-track reconciliation instructions to avoid a Senate filibuster, legislation to enact savings anywhere near the \$4.4 trillion articulated in the budget resolution would likely fail.

"It's one thing to proclaim that you want to get mandatory spending under control," Bixby said. "The House budget's reconciliation instructions, unfortunately, suggest there isn't really a serious plan to implement it."

The budget also heavily depends on savings from the House-passed health care reform bill that now appears stalled in the Senate, as well as deeper cuts to Medicaid and other programs that primarily benefit lower-income Americans. Finding additional savings in Medicaid beyond the roughly \$880 billion assumed in the health reform bill will be particularly challenging.

Overall, the disproportionate saving assumed in particular spending categories and the simple assertion of a huge economic feedback from unspecified policies demonstrate how difficult it is to achieve a balanced budget while taking major items such as defense and Social Security off the table and using more realistic economic assumptions.

*The Concord Coalition is a nonpartisan, grassroots organization dedicated to fiscal responsibility. Since 1992, Concord has worked to educate the public about the causes and*

*consequences of the federal deficit and debt, and to develop realistic solutions for sustainable budgets. For more fiscal news and analysis, visit [concordcoalition.org](http://concordcoalition.org) and follow us on Twitter: @ConcordC*